



Profitability Measures

Ratios measuring the ability to generate farm earnings. From the income statement, these include:

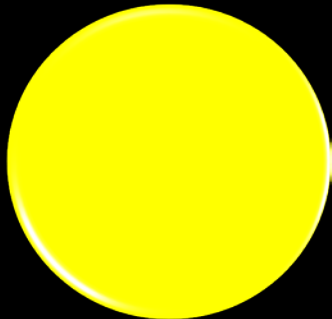
Profitability

7. Net farm income	\$ _____	
8. Rate of return on farm assets	_____ %	
9. Rate of return on farm equity	_____ %	
10. Operating profit margin	_____ %	
11. EBITDA	\$ _____	

Below are tips you can consider as you evaluate the profitability position of your operation.



- Look to Alternative Enterprises & Income Sources.
- Weigh Asset Management Decisions – Lease vs. Own vs. Custom Hire.
- Maximize Profits and Minimize Expenses.



- Look at Profitability of Each Enterprise & Determine if Changes are Needed.
- Consider Input Cost Controls.
- Manage Production, Cost, & Price Risks.
- Focus on Profit Margins, Not Tax Liabilities.



- Maintain Revenue Sources – Lock in Profits.
- Monitor Operating Expenses & Keep In Check.
- Maximize Capital Asset Utilization.